

KalninVentures

Disclosure Brochure

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This Brochure provides information about the qualifications and business practices of Kalnin Ventures LLC (“Kalnin” or “Kalnin Ventures”). If you have any questions about the contents of this Brochure, please contact Kathleen Neuheardt, Kalnin’s chief compliance officer (“Chief Compliance Officer”), at (720) 375-9680 or by e-mail at kathleenneuheardt@kalninventures.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority, and references in this Brochure to Kalnin as a “registered investment adviser” are not intended to imply a certain level of skill or training.

Additional information about Kalnin is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure dated March 30, 2018 amends our Brochure that was filed with U.S. SEC on March 23, 2017. There have been no material changes since such last annual update to this Brochure.

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Item 4: Advisory Business

Kalnin was established under the laws of Colorado in 2013. It is a private equity investment firm primarily making long-term, value investments in the energy industry. The geographic focus of Kalnin's investments is North America. Kalnin is owned exclusively by Christopher P. Kalnin and Rebecca A. Kalnin.

Kalnin serves as an investment manager to a private investment partnership (the "Partnership" or "Fund") that makes private equity investments in energy businesses or assets. Kalnin's strategy is to make control-oriented investments or influential, non-control investments in the companies or assets in which it invests.

In providing services to the Partnership, Kalnin formulates the investment objectives, directs and manages the investment and reinvestment of the Partnership's assets, and provides periodic reports to the Partnership's investor(s). Investment management services are provided directly to the Partnership and not individually to the limited partner(s) of the Partnership. Kalnin manages the assets of the Partnership in accordance with the terms of the Partnership's applicable governing documents.

As of this filing date, Kalnin has approximately \$522 million in discretionary assets under management.

Kalnin manages:

- BKV Oil & Gas Capital Partners, L.P.

Item 5: Fees & Compensation

Management Fee payable to Kalnin:

The Fund generally compensates Kalnin for its advisory services through the payment of a management fee (the "Management Fee"). The Management Fee budget and calculation is disclosed in the Fund investor's Limited Partnership Agreement, and is generally equal to the Budgeted Amount, as defined, to cover quarterly operating costs of Kalnin Ventures in respect of Fund business, as amended from time to time and approved by the investor. Such fees are paid on the first day of each Quarterly Period until termination of the Fund.

Performance-Based Fee payable to the General Partner upon Distribution/Realization of Investment Proceeds:

Kalnin Capital Partners LP, (the "General Partner"), is also eligible to receive a percentage of profits on distributions made by its respective funds. All such performance-based fees will be paid in accordance with the provisions of the fund's governing documents, such as the private placement memorandum and limited partnership agreement.

Expenses

The Fund will bear all costs and expenses incurred in purchases, sales or exchanges made in connection with the Fund's investment activities to the management company or its designee per the budgeted amounts on a quarterly basis as outlined in the funding agreement. Such expenses include, without limitation:

- Private placement fees, finder's fees, lender fees and interest on borrowed money, real property or personal property taxes on investments;

- Brokerage fees, legal fees, audit and accounting fees, investment banking and consulting fees, third-party fees relating to investments or proposed investments, and fees associated with the Fund's perfecting its interest in collateral (if any);
- Any other property costs related to the transactions, collection costs and the costs paid to third parties with respect to the working out of problem transactions, disposition and remarketing costs paid to third parties, taxes and governmental fees applicable to the Fund on account of its operations, registered agent fees and fees incurred in connection with the maintenance of bank or custodian accounts;
- Expenses incurred by the General Partner in serving as the tax matters partner;
- The cost of liability and other insurance premiums;
- All out-of-pocket expenses of preparing and distributing reports to Fund investors and Fund meetings;
- All legal and accounting fees relating to the Fund and its activities;
- All costs and expenses arising out of the Fund's indemnification obligations;
- All expenses not reimbursed by portfolio companies associated with managing and monitoring such companies and all expenses that are not normal operating expenses;
- All organizational and syndication costs, fees and expenses incurred by or on behalf of Kalnin Ventures or the General Partner in connection with the formation and organization of the Fund Group and the General Partner, including legal and accounting fees and expenses incident thereto, up to a maximum amount for each Fund as described in the Fund's governing documents; and
- All liquidation costs, fees and expenses incurred by Kalnin Ventures and the General Partner in connection with the liquidation of the Fund at the end of the Fund's term, specifically including legal and accounting fees and expenses.

In addition to Kalnin's full-time investment professionals, Kalnin engages the services of certain operating advisors and consultants to work actively with Kalnin on evaluating new transactions, as well as providing strategic insights related to investments. These advisors are not partners or employees of Kalnin or any of its affiliates. The compensation of such individuals is generally treated as an expense of the Fund.

Item 6: Performance-Based Fees & Side-by-Side Management

The Fund's items of income, gain, and loss are initially allocated among the partners of the Fund in proportion to their investment percentage interest. To the extent a limited partner has combined distributions from the Fund in excess of invested capital and the preferred return, if any; the Fund is subject to carried interest or performance-based fees as described in Item 5 above.

Detailed information regarding the performance-based fees charged to the Fund is provided in the Fund's governing documents.

Performance-based fees may create an incentive for the general partner of the Fund to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such fees were not allocated to the general partner. Kalnin has in place policies and procedures to address these and other conflicts, including policies and procedures designed to ensure allocation of trades and securities among funds on a fair and equitable basis. See Item 11 for a description of these policies and procedures.

Item 7: Types of Clients

Kalnin provides investment advisory services to an investment vehicle operating as private equity investment fund. Any Fund investor must meet the eligibility provisions outlined in the Fund's offering documents.

The Fund operates as an investment vehicle intended to provide management expertise and other advantages to the portfolio companies in which it invests. As of the date of this filing, the Fund has a single investor.

Investors are required to make certain representations when investing in a Fund, including but not limited to that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment, and (iii) they have the ability to bear the economic risk of an investment in the Fund. Each investor is furnished with a copy of the partnership agreement and other governing documents.

Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

As described above, Kalnin manages a private equity investment fund that invests in a select group of target portfolio companies or assets. Kalnin's principal strategy involves an overall investment objective of achieving strong long-term returns through investing in private energy companies or assets located in North America.

With most investment opportunities, the Fund generally will seek to invest in companies or asset packages that have capable and proven management, historical positive free cash flow, enterprise values between \$20 and \$50 million, strong prospective products or services, and the potential for significant growth in revenue and cash flow.

The Fund focuses on investment opportunities that exhibit characteristics including, but not limited to:

- demonstrated prospects, products, or services;
- a seasoned and proven management team;
- potential for significant free cash flows;
- significant upside potential in sales; or
- meaningful management equity ownership.

Upon the identification of an investment opportunity, the Fund's investment process generally includes employing a multi-step due diligence review of quantitative and qualitative attributes of potential portfolio companies or asset packages, the creation of a term sheet, a final investment decision and requisite approvals, and the execution of definitive documents. Once an investment is made, the Fund performs regular investment monitoring, which is further detailed in Item 13 below.

The Fund's investments are characterized by a high degree of risk, volatility and illiquidity. Fund investors and prospective investors should thoroughly review the information contained in the relevant Fund offering documents.

Risk Inherent in Private Equity Investments

The types of investments that the Fund makes involve a high degree of risk. In general, financial and operating risks confronting portfolio investments can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Fund will be adequately

compensated for the risks taken. Losses are likely to occur early in the Fund's term, while successes often require a long maturation. The companies in which the Fund invests may have complex and/or non-optimal capitalization structures and may be in need of assistance to expand or reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company, which if not properly implemented could give rise to potentially significant decreases in enterprise value.

Long-Term Investments

The return of capital and the realization of gains, if any, will occur only upon the partial or complete disposition or the refinancing of the capital structure of a portfolio investment. While the Fund intends to generate ongoing income in the form of interest or dividends, such income cannot be guaranteed and may not exceed the Fund's operating expenses. The Fund expects that liquidity events, whether in the form of whole or partial dispositions or refinancing, will not occur, if at all, until a number of years after the initial investment.

Reliance on Management of Companies

The Fund will typically rely on the management team of its portfolio companies to manage day-to-day operations. While the Fund intends to invest in companies with proven management and, where possible, to acquire significant governance rights, there can be no assurance that a portfolio company's management will continue to operate successfully. If the General Partner must seek to replace management in any of their investment portfolio companies, they may not be able to timely, efficiently and effectively continue to manage the portfolio company or find qualified managerial replacements.

Availability of Investment Opportunities/Competitive Marketplace

Investment in the energy sector is highly competitive. The Fund will be competing with other investment funds, finance companies, direct investment firms and merchant banks to identify investment opportunities.

Due to this competition, there can be no assurance that the Fund will be able to identify and complete investments that satisfy the Fund's rate of return objectives.

In addition, the time it takes for the Fund to become fully invested could be lengthened or the Fund could be unable to fully invest its committed capital.

No Assurance of Additional Financing for Investments

A portfolio company may not be able to obtain additional financing to support its working capital or expansion capital, which could materially and adversely affect the value of the portfolio companies, and thus, the value of the Fund.

Financial Leverage

The Fund may make use of financial leverage in making its investments, utilizing debt from a number of sources including banks, investment banks, public debt markets, mezzanine funds and bridge loan funds. The use of debt will expose investments to financial risk, including the inability to meet debt obligations as they mature and possible bankruptcy. Such risks could be heightened in an environment of increasing interest rates or an overall decline in economic conditions within the United States and the global economy.

Risks Related to Investments in Energy Assets

Energy Industry Concentration

The Fund's investments will be concentrated in the energy industry and will be subject to numerous risks that affect the energy industry as a whole, or specific sectors within that industry. Because of the concentration of the Fund's investments in the energy industry, an investment in the Fund may be subject to greater risk than an investment in a portfolio of securities representing a broader range of industries. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies or assets and thus be less diversified.

Uncertainty of Reserves

The companies or assets in which the Fund invests may be subject to the risks inherent in acquiring or developing recoverable oil or natural gas reserves, including capital expenditures for the identification and acquisition of projects, the drilling and completing of wells and the conduct of development and production operations. The presence of unanticipated pressures or irregularities in formations, miscalculations or accidents may cause such activity to be unsuccessful, which may result in losses. Furthermore, successful investment by the Fund may require an assessment of (i) recoverable reserves; (ii) operating and capital costs; (iii) future oil and natural gas prices; (iv) potential environmental and other liabilities; and (v) other factors with respect to such investment. Such assessments are necessarily inexact and their accuracy is inherently uncertain.

Fluctuation in Energy Prices

The revenues and profitability of certain of the portfolio investments in which the Fund invests are likely to be significantly affected by the future prices of and the demand for oil and natural gas, which are inherently uncertain. Energy investments may have significant shortfalls in projected cash flow if prices decline from levels projected at the time the investment is made. Various factors beyond the control of the Fund will affect energy prices, including worldwide supplies, political instability or armed conflicts in oil and natural gas producing regions, the price of foreign imports, the level of consumer demand, the price and availability of alternative fuels, capacity constraints and changes in existing government regulation, taxation and price controls. Energy prices have fluctuated greatly during the past, and energy markets continue to be volatile. Oil and gas prices have fallen sharply since early 2014 and may continue to decline.

Oil and Natural Gas Exploration and Development Risks

The Fund may invest in businesses that engage in oil and natural gas exploration and development, a speculative business involving a high degree of risk. Oil and natural gas drilling may involve unprofitable efforts, not only from dry holes, but also from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Acquiring, developing and exploring for oil and natural gas involves many risks. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow outs, equipment failures and other accidents in completing wells and otherwise, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, fires, spills and other environmental risks.

Regulation of the Energy Industry

The energy industry is affected from time to time in varying degrees by political developments and a wide range of statutes, rules, orders and regulations. For example, energy production, operations and economics are or have been affected by price controls, taxes and other laws relating to the energy industry, by changes in such laws and by changes in administrative regulations. In addition, various laws and regulations relating to the protection of the environment may affect the operations and costs of the companies engaged in the energy

industry. These laws and regulations may (i) restrict the types, quantities and concentration of various substances that can be released into the environment; (ii) require reporting of or precautions relating to the storage, use or release of certain chemicals and hazardous substances; (iii) require removal or cleanup of contamination under certain circumstances, which may require the expenditure of material amounts over a significant period of time; and (iv) impose substantial civil liabilities or criminal penalties for failures to comply with such laws and regulations. Moreover, there has been a trend in recent years toward stricter standards in environmental, health and safety legislation and regulation, which could affect the success of companies or assets in which the Fund invests.

Please see the Fund's offering documents for a more comprehensive description of the different risk factors associated with making private equity investments.

Risks Related to Cybersecurity

Kalnin and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both Kalnin and the Fund to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from the Fund. While Kalnin has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, Kalnin and the Fund cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Fund and/or the issuers in which the Fund invests.

Item 9: Disciplinary Information

Neither Kalnin nor any of its officers or members have any disciplinary events to disclose.

Item 10: Other Financial Industry Activities & Affiliations

Kalnin Ventures organizes and sponsors the Fund, which is an unregistered, private investment company. This pooled investment vehicle, managed by Kalnin Ventures, is controlled by an affiliated General Partner, Kalnin Capital Partners, LP ("Affiliated Entity"). Subject to the terms of Kalnin Ventures' arrangement with its principal investor, Banpu North American Corporation (BNAC), Kalnin Ventures or the Affiliated Entity will be responsible for all decisions regarding portfolio transactions of the Fund and have full discretion over the management of the Fund's investment activities. While the Affiliated Entity is not separately registered as an investment adviser with the SEC, all of its investment advisory activities are subject to the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the rules thereunder. In addition, employees and persons acting on behalf of the Affiliated Entity are subject to the supervision and control of Kalnin Ventures. Thus, the Affiliated Entity, all of its employees and the persons acting on its behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the

Affiliated Entity.

Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Kalnin Ventures' code of ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Advisers Act.

The Code applies to Kalnin's "Access Persons." Access Persons include, generally, any partner, officer or director of Kalnin and any employee or other supervised person of Kalnin who, in relation to the Fund, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All Kalnin employees are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account Kalnin's status as a fiduciary and requires Access Persons to place the interests of the Fund and Fund investors above their own interests and the interests of Kalnin. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of the Chief Compliance Officer. All Access Persons are provided with a copy of the Code, are required to acknowledge receipt of the Code upon hire, and are required to affirm compliance with the Code on a quarterly basis thereafter. If you would like a copy of the Code, please contact the Chief Compliance Officer at (720) 375-9680 or by email at kathleenneuhardt@kalninventures.com.

Kalnin manages the potential conflicts of interest inherent in an Access Person's personal trading by rigorous enforcement of its Code, which contains strict review and reporting guidelines for Access Persons. Kalnin follows a policy pursuant to which certain transactions made by certain Access Persons, including those transactions in limited offerings, initial public offerings and investments in companies, are periodically reported to and reviewed by the Chief Compliance Officer.

Kalnin maintains and updates, as necessary, a list of securities about which Kalnin (or its Access Persons) has learned material, non-public information, and Access Persons are strictly prohibited from trading on the basis of any material, non-public information.

In addition, Kalnin receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer or a designee also reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting their personal securities transactions in a manner that is consistent with the Code.

To the extent the Fund has investment opportunities that are in excess of amounts determined to be prudent for the Fund, Kalnin may offer investors and/or third-parties the opportunity to co-invest alongside the Fund in such investment. There can be no assurances that any co-investment opportunities will be made available in connection with the Fund. Kalnin may or may not seek expense reimbursement with respect to co-investments, as Kalnin determines in its sole discretion. In addition, broken deal expenses with respect to a potential co-investment may be fully borne by the Fund.

Employees of Kalnin may serve as a director of a portfolio company, and in that capacity will owe duties to the portfolio company and its shareholders. Serving in such capacity may give rise to conflicts of interest to the extent an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of the Fund in general; however, as the Fund will generally be a significant shareholder of such portfolio companies, it

is expected that such interests will typically be aligned. Additionally, any fees earned for serving on a portfolio company board are offset against the Management Fee. Kalnin may also appoint non-Kalnin employees to portfolio company boards, who may be entitled to retain third-party board fees which will not be offset against the Management Fee.

Item 12: Brokerage Practices

Kalnin Ventures primarily focuses on making investments in private securities, thus it does not ordinarily deal with any financial intermediary such as a broker-dealer acting on its behalf in making purchases, and commissions are not ordinarily payable in connection with such investments. To the extent Kalnin might transact in public securities for the Fund, it will select brokers based upon the broker's ability to provide best execution for the Fund. Kalnin Ventures is generally authorized to make the following determinations, subject to the Fund's investment objectives and restrictions, without obtaining prior consent from the Fund or any of its investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for the Fund, Kalnin Ventures will consider a variety of factors including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of the order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Although Kalnin generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Kalnin Ventures has no formal arrangements with broker-dealers to receive research or other products or services other than execution, and Kalnin does not have any soft dollar or commission sharing agreements in place that would require Kalnin to provide any specified amount of brokerage to a broker-dealer. Kalnin, however, may receive research reports free of charge from broker-dealers that may provide or seek to provide services to Kalnin, the Fund or its portfolio companies. Any information received from a broker-dealer is consistent with the safe harbor for brokerage and research services under Section 28(e) of the Securities Exchange Act of 1934. When Kalnin receives research or other information or opportunities from a broker-dealer free of charge, it could be viewed as receiving a benefit it does not have to pay for, and Kalnin could be viewed as having an incentive to select or recommend a broker-dealer for a transaction on behalf of the Fund or a portfolio company based on its interest in receiving such benefits rather than on receiving most favorable execution.

Item 13: Review of Accounts

The Fund's portfolio is under continuous review by Kalnin Ventures. Typically, Kalnin is not involved in the day-to-day management of a portfolio company other than situations (i) where the portfolio company's performance has or may deteriorate and the Fund's investment is at risk; or (ii) where the Fund's investment strategy with the portfolio company was to own and be significantly involved in the management of the company.

Regardless of Kalnin's involvement in the day-to-day management of a portfolio company, Kalnin has implemented an investment monitoring system, on a quarterly basis, which generally includes:

- review of the Fund condensed financial statements;
- review of management prepared budgets;
- periodic contact with executives and management at the portfolio company that are not already directly in contact with or involved with Kalnin; and
- board level strategic, financial, and operational assistance.

In situations where the Fund is a control equity investor, Kalnin Ventures intends to have more meaningful involvement in the portfolio entity, for example, involvement with the preparation of the financial plans and budgets, hiring key employees, full participation in board meetings and decisions, strategic oversight, establishing banking relationships and developing exit strategies. Kalnin also has significant interaction with senior management in the day-to-day operations of the company and key strategic decisions.

Generally, the Fund investor receives unaudited, condensed quarterly performance reports. In addition, the Fund investor receives audited financial statements on an annual basis.

Item 14: Client Referrals and Other Compensation

Kalnin Ventures has no referral arrangements in place whereby it receives or pays another party for the introduction of prospective investors into the Fund.

Item 15: Custody

All Fund cash and cash equivalents are held in custody by unaffiliated bank (BBVA Compass Bank) that is a qualified custodian¹. Kalnin Ventures is deemed to have custody of Fund assets because the General Partner serves as the general partner of the Fund. The investor does not receive statements from the custodian. Instead, the Fund is subject to an annual audit and the audited financial statements are distributed to the investor. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and distributed within 120 days of the Fund's fiscal year end.

Item 16: Investment Discretion

Kalnin Ventures has discretionary authority to manage securities accounts on behalf of the Fund. Kalnin is authorized to make transaction recommendations for the Fund, subject to the terms of Kalnin's arrangements with its principal investor. As explained in Item 4 above, the Fund's investment strategy is set forth in detail in the Fund's governing documents. Fund investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk pooled investment fund. Further, Fund investors must execute a limited partnership agreement that contains a power of attorney.

¹ The majority of the Fund's assets are court-recorded, and are, therefore, not held at a custodian.

Item 17: Voting Client Securities

It should be noted that Kalnin generally does not trade in individual publicly traded securities. As such, Kalnin does not anticipate voting proxies.

To the extent Kalnin does vote proxies, Kalnin understands and appreciates the importance of proxy voting. Where Kalnin has discretion to vote the proxies of the Fund, it will vote any such proxies in the best interests of the Fund and Fund investors (as applicable) and in accordance with set compliance procedures.

If you would like detailed information on Kalnin's status as a voter of proxies or the manner in which any proxies were actually voted, please contact the Chief Compliance Officer at (720) 375-9680 or by email at kathleenneuhardt@kalninventures.com.

Item 18: Financial Information

A balance sheet is not required to be provided as Kalnin Ventures (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.